

# Midwest Assistance Program Inc.

## Financial Barriers in Small Rural Utilities



# What is a large Community?

- 494 cities in EPA Region VII's geographical area with populations over 2,500

● Iowa	126
● Kansas	102
● Missouri	216
● Nebraska	50
● <b>TOTAL</b>	<b>494</b>

*Most of these community utilities have capable staff and resources.*

# What is a Small Community?

- 4,206 towns and unincorporated places in EPA Region VII's geographical area with populations under 2500

	Towns	Other	Total
● Iowa	822	0	822
● Kansas	528	828	1,356
● Missouri	762	328	1,090
● Nebraska	486	452	938
● <b>TOTAL</b>	<b>2,598</b>	<b>1,608</b>	<b>4,206</b>

*Many of these communities struggle with staffing and resources.*

# What is a Small Community Utility?

- **1,254 Missouri public water systems under 3300 population**
  - 470 Municipal systems
  - 784 Non municipal community systems
    - Includes Public Water Supply Districts (PWSD's)

***The small municipal systems are most at risk and have the most difficulty sustaining their infrastructure***

# Typical Small Community

- Queen City, MO
- Pop. – 638
- Connections – 250
- MHI - \$20,875
- Part time Clerk
- Contract Operator



# Typical Small Community

- Brashear, MO
- Pop. - 280
- Connections – 110
- MHI - \$21,750
- Part time Clerk
- City operates water and sewer



# Typical Small Community

- Clifton Hill, MO
- Pop. - 124
- Connections – 61
- MHI - \$26,250
- Part time Clerk
- City purchases water
- Operates sewer





# Barriers to Financial Accountability

## 1. Personnel Barriers

- **Many** small communities have one employee – The City Clerk
- **Many** Clerks work part time.
- **Most** Clerks also operate the City utility.
- **Many** Clerks are not computer literate.
- **Most** Clerks do not have an accounting background.



# Barriers to Financial Accountability

## 2. Accounting Barriers

- Municipal water and WW revenues and expenses are combined in the General Fund.
- Water and WW entries are not separated.
- Replacement funds (if any exist) are not earmarked for water and WW.
- Small municipal systems do not know if they are making or losing money.
- Decision makers do not have the information needed to make good decisions.

# Barriers to Financial Accountability

## 3. Political Barriers

- Rate increases are based on political promises and/or the perceived ability of the residents to pay
- NIMTO's
- CAVE people
- Repairs are paid out of the general revenue fund and compete with other priorities.
- Major repairs and maintenance are usually delayed with the hope that the government will give them a grant.

# Barriers to Financial Accountability

## 4. Economic Barriers

- Most Rural communities are not affluent
- US MHI = \$58,526
- Missouri MHI = \$53,026
- Missouri Non Metro MHI = \$30,594
- Rd's 2% guideline
  - Queen City – 2% MHI (\$20,875) = \$34.80 per mo.
  - Brashear – 2% MHI (\$21,750) = \$36.25 per mo.
  - Clifton Hill – 2% MHI (\$26,250) = \$43.75 per mo.

# Barriers to Financial Accountability

## ● Summary

1. Information is not collected or organized into useful financial reports.
2. Small utility boards do not get information in a format that result in good decision making.
3. Small municipal utility decisions are more susceptible to public opinion.
4. Rural utilities struggle with the ability to pay the full cost of the utility.